the canada assistance plan: no time for cuts

a report by the
national council of welfare

winter 1991

Canada

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NO TIME FOR CUTS

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SUMMARY

Since its creation in 1966, the Canada Assistance Plan (CAP) has been an indispensable source of financial help for millions of low-income Canadians who find themselves with no other means of support at some time in their lives.

The plan helps finance programs which provide income to Canadians in need. It also subsidizes the cost of social services for people living below the poverty line and people who are in danger of falling into poverty without some outside help.

Although CAP is far from perfect, it is a vital feature of our social policy landscape. Any weakening of the plan would be disastrous to the men, women and children who depend on it for the bare necessities of life.

This report begins with a description of the Canada Assistance Plan - the way it operates, the support it provides, and the people it helps. It then turns to the 1990 federal budget proposal to trim funds for CAP programs in Ontario, Alberta and British Columbia for the sole purpose of reducing the federal deficit. The policy could cost the three provinces somewhere in the neighborhood of $900 million in two fiscal years.

The National Council of Welfare strongly urges the federal government to reverse its policy on CAP. The need for welfare and social services is bound to increase during the current recession, and it is no time for cuts in our safety net of last resort.

THE SAFETY NET OF LAST RESORT

The Canada Assistance Plan is the safety net of last resort. Through its support of provincial and territorial welfare programs, it helps provide income to unemployed people who cannot find decent jobs, single-parent families, people who are disabled or in poor health, and needy people who are not protected by other social safety nets. CAP also helps pay for a wide range of social services for welfare recipients and other Canadians who are not on the welfare rolls, but who have low or modest incomes.

The latest published figures show that the Canada Assistance Plan was helping nearly 1.9 million welfare recipients - roughly one of every 14 Canadians - as of March 31, 1989. Approximately 500,000 people were recipients of subsidized social services, and about 150,000 others were adults and children supported by CAP in institutions or foster homes.[1]

CAP came into being as a comprehensive plan that replaced several welfare programs aimed at particular groups such as seniors and people with disabilities. Because CAP was comprehensive, people in need did not have to fit into strictly defined categories to qualify for help. And because of the leading role played by the federal government, there were reasonable assurances that help would be available in all parts of Canada.

Under the Canada Assistance Plan Act of 1966, provinces and territories are responsible for setting up and operating welfare and social service programs. They determine who is eligible for help, the amounts paid to families and individuals, the range of social services that are available, and the way services are delivered.

The role of the federal government is to pay half the cost of all expenditures that qualify under the terms of the Act. The 1966

legislation placed no dollar limit on the amount of the federal government's contributions.

The government's 1990-1991 spending estimates indicate that CAP will cost Canadians about $12 billion during the fiscal year. That figure includes funds from all levels of governments. The estimated federal share of the bill is about $5.9 billion. While $5.9 billion is a very large sum of money, it amounts to less than four percent of total federal spending of $153 billion.

Welfare for People "In Need"

Welfare is a form of direct government support for people with few, if any, other sources of income. Under CAP agreements with the federal government, provinces and territories are obliged to provide financial aid to all residents judged to be "in need."

People in need are defined by federal law as those unable to provide adequately for themselves and any dependents because of their inability to get employment, loss of the principal family provider, illness, disability, age or other reasons.

Need is determined by a "needs test," a detailed examination of the means of support available to a family or individual compared to the cost of the bare necessities of life. If a household's basic expenses are higher than its income, the household is "in need" and qualifies for welfare.

The needs test is anything but simple. Welfare officials look at different sources of income available to a family or individual. Some types of income are not considered at all for the purpose of the needs test, while other types of income are considered in whole or in part. Officials also look at a household's fixed and liquid

assets. People normally do not have to sell their homes or household furnishings, but they may have to convert other assets to cash before they are eligible for welfare.[2]

In terms of the basic cost of running a household, provinces and territories have guidelines based on their own assessments of how much money different types of households need. The federal government requires that the basic cost include the cost of food, shelter, clothing, fuel, utilities, household supplies, personal care, religious obligations and recreation, but it does not say how these costs should be calculated.

In reality, the amounts provided by provincial welfare programs for basic assistance are usually far below the poverty line. Table 1 shows the range of basic assistance for four types of households when combined with other federal and provincial income benefits. The information was first published in the National Council of Welfare's recent report Welfare Incomes 1989. The table also compares the incomes with the poverty line for a household of the appropriate size in a large city.[3]

TABLE 1

WELFARE INCOMES AND POVERTY, 1989

Type of Household	Income Range	Poverty Line For a Large City
Single Employable Person	$ 2,882 - 7,012	$ 13,511
Single Disabled Person	5,790 - 9,189	13,511
Single Parent, One Child	8,816 - 12,539	18,314
Couple, Two Children	10,366 - 16,478	26,803

A single employable person on welfare without any income other than government benefits had an income ranging from $2,882 to $7,012 in 1989 depending on the province, while a single disabled person had an income of $5,790 to $9,189. The income range for a single parent with a two-year-old child was $8,816 to $12,539, and the range for a couple with two school-age children was $10,366 to $16,478.

Social Services for Low-Income People

In addition to welfare, the Canada Assistance Plan provides social services to persons in need and "persons who are likely to become persons in need unless such services are provided." Federal legislation refers to these services as "welfare services," but the term is a misnomer, because they are not exclusively for people on welfare.

Welfare services are designed to lessen, remove or prevent poverty, child neglect or dependence on public assistance. They include day care for children, homemaking and home support for households in emergency situations or as an aid to independent living for older people and the disabled, counselling and referral services for children in need of protection, adoption services, rehabilitation, and community development services for members of deprived communities.[4]

Welfare recipients are entitled to receive services which are available in their communities and appropriate for their circumstances. The services may be provided by public agencies, non-profit organizations or profit-making agencies.

For people who are not welfare recipients, services are available under different conditions. They qualify on the basis of

an "income test" rather than a needs test, and the services have to be provided by public or non-profit agencies.

The income test is more simple and straight-forward than the needs test. Provinces and territories set limits on the amount of income a family or individual can have in order to receive subsidized welfare services. Subsidized services are cost-shared by the federal government as long as the income limits are no higher than the limits set by Ottawa. In reality, no province or territory has limits as high as the federal limits.

Table 2 shows the federal limits that were in effect for different types of households during the first quarter of 1991. The first column shows the type of household. The second shows the maximum amount of income the household can have and still qualify for fully subsidized social services. Partial subsidies may be available for households with higher incomes.

TABLE 2

FEDERAL INCOME LIMITS FOR RECIPIENTS
OF CAP SOCIAL SERVICES, JANUARY-MARCH, 1991

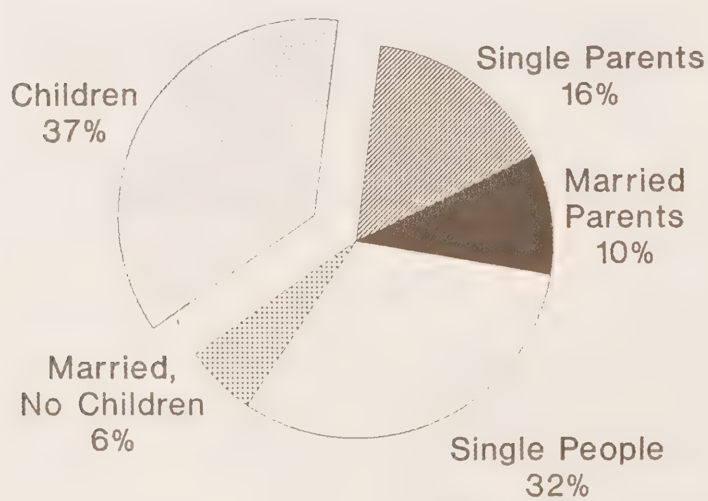
Household Type	Income Limit For Full Subsidy
one adult	$ 14,388
two adults	28,776
one adult, one child	28,776
one adult, two children	33,576
two adults, two children	38,376
two adults, three children	43,176

PEOPLE WHO RELY ON WELFARE

Because of differences among the provinces and territories in the way they run their welfare programs and the way they report on their programs to the federal government, it is difficult to get more than an approximate national picture of people who rely on welfare. However, it is clear that children, single-parent mothers, "unemployed employables" and people with disabilities account for very large numbers of welfare recipients.[5]

Graph A shows the estimated number of people receiving welfare by family status as of March 31, 1989, with the numbers given as individuals as opposed to cases.

Individual Welfare Recipients
By Family Status, March 1989



Graph A

Children were the largest single group of recipients, making up 687,500 or 37 percent of the total of 1,856,100 individuals. The majority of them were from single-parent families, because one-parent families on welfare outnumbered two-parent families by more than three to one.

The graph also shows that 16 percent or 289,300 of all the individuals on welfare were single parents. Ten percent or 179,600 individuals were husbands and wives who had dependent children, and six percent or 113,400 individuals were husbands and wives without dependent children. The remaining 32 percent or 586,300 individuals were single people.

The overwhelming majority of single parents on welfare are women. They include women with children who never married and women who are divorced or separated. Some of the previously married women are on welfare because their ex-husbands refuse to pay child support or cannot pay enough support to meet the needs of their families. Some of the mothers are unable to take full-time paying jobs because their children are very young or because there is no adequate day care available.

Of course, family status alone does not necessarily explain why Canadians are on welfare. A single-parent mother could be a woman with a disability. Or she could be looking for a paying job and be classified as an unemployed employable.

In addition to estimates of welfare recipients by family status, the federal government has rough estimates on the number of unemployed employables and people with disabilities on welfare. These estimates are based on provincial definitions which vary greatly from province to province. Welfare recipients who are classified as employable in one province, for example, may be judged to be unemployable in another.

As of March 31, 1989, there were 455,500 heads of welfare cases who were considered to be unemployed employables. The 455,500 represented 45 percent of the total national welfare caseload of 1,022,100. Many of these people were probably on welfare because they had exhausted unemployment insurance benefits or did not work long enough to qualify for benefits in the first place. Presumably, many were young single people.

An estimated 241,200 heads of welfare cases or 24 percent of the total caseload were considered to be disabled. People with disabilities often have to go on welfare if they are unable to work and do not qualify for workers' compensation, disability benefits from the Canada or Quebec Pension Plans, or benefits from employer-sponsored disability plans.

In short, it is clear that most people are not on welfare by choice. The children who made up 37 percent of all individual welfare recipients were there because of the circumstances of their parents. Adults on welfare are often victims of marriage breakdown, disabilities or poor health, and job shortages in the community or region. People may also be on welfare because they do not qualify for the protection of other social safety nets such as unemployment insurance or workers' compensation.

THE COST OF WELFARE AND SOCIAL SERVICES

The federal share of CAP spending for the 1988-1989 fiscal year was nearly $5.2 billion, according to the latest information available from federal officials. Most of the money was paid in cash, but $525 million of Quebec's entitlement was in the form of a tax transfer.[6]

Quebec was the only province to accept the federal offer of a tax transfer for CAP. Under the arrangement, the federal government lowered its personal income tax rate in Quebec and the province raised its own tax rate accordingly. The value of the tax transfer is still calculated as part of the federal CAP contribution to Quebec. The rest of the federal share is paid in cash.

Table 3 shows how the money from the federal government was used for expenditures incurred in the 1988-1989 fiscal year.

TABLE 3

FEDERAL SUPPORT FOR CAP, 1988-1989

General Assistance	$ 3,447,760,000
Homes for Special Care	424,619,000
Health Care	222,204,000
Child Welfare	128,926,000
Welfare Services	928,816,000
Work Activity	3,960,000
TOTAL	$ 5,156,285,000

Spending on general assistance covers income support and social services for welfare recipients, including day care for children from welfare families and home support services for elderly and disabled persons on welfare.

Spending on homes for special care refers to people living in homes for the aged, nursing homes, hostels for transients, child care institutions, homes for unwed mothers, residences for the disabled, shelters for victims of domestic violence or sexual assault, and rehabilitation centres for alcoholics and drug addicts. However, most health-related services no longer fall under CAP. They are financed under different federal-provincial arrangements known as Established Programs Financing.[7]

Health care refers to the cost of prescription drugs and dental care for welfare recipients that is not covered by medicare or supplementary provincial insurance programs.

The cost of child welfare relates largely to maintaining children in foster homes.

The category welfare services refers mainly to subsidized social services such as day care that are provided to low-income people who are <u>not</u> welfare recipients. Because of the way some programs are organized or administered, it includes some services for welfare recipients.

Work activity projects are intended to help welfare recipients who have unusual difficulty getting or holding down jobs or upgrading their job skills because of personal, family or social problems. A project that helps former psychiatric patients adjust to the demands of the workplace is one example of a work activity project.

THE IMPACT OF SOCIAL AND ECONOMIC CHANGE

While the basic outlines of the Canada Assistance Plan are the same as they were a generation ago, the role of welfare and the profile of welfare recipients have changed with changes in the economy and society at large. Two changes particularly worthy of note are high rates of marriage breakdown and high rates of unemployment.

Divorce rates have risen sharply in recent years to the point where the chance of a young couple remaining married for life is something in the order of 40 percent. When a relationship breaks down and the wife finds herself alone with young children, she faces a very high risk of winding up on welfare unless she gets reasonable financial support from her ex-husband.

The large number of single-parent mothers on the welfare rolls is partly a reflection of high rates of marriage breakdown among young couples and the inability of governments so far to ensure decent financial support for the children of broken marriages.

Meanwhile, annual unemployment rates during the 'eighties ranged from 7.5 to 11.8 percent, and the higher end of the range was far above the rate considered "normal" for a healthy economy. By contrast, the range in the last years of the 'sixties was 3.4 to 4.5 percent.[8]

Graph B on the next page shows the association between the number of people on welfare and the number of unemployed people dating back to the early years of CAP.

Welfare and Unemployment Trends

Graph B

Governments at all levels became alarmed during the last decade about the growing proportion of employable unemployed people turning up on the welfare rolls. Part of the reason was higher levels of unemployment, and part was the growing number of unemployed people who failed to qualify for unemployment insurance benefits or exhausted their benefits.

Provinces and territories responded to the increase in unemployed employable people on welfare by screening applicants more closely, by keeping welfare rates for single employables well below the poverty line, and by exploring new kinds of projects to "assist" people into paying jobs, projects sometimes called "workfare" or "work for welfare" schemes.

The most important initiative was the Federal-Provincial Agreement on Enhancement of Employment Opportunities for Social Assistance Recipients reached in the fall of 1985 by ministers responsible for income security and the labour market. The idea was to help welfare recipients participate in the Canadian Jobs Strategy and provincial job programs and make sure that they had access to a reasonable share of the training slots.

All provinces and territories except Yukon subsequently signed individual agreements with Ottawa to complement the general 1985 agreement. These pacts are known as "four-corner" agreements because they often involve two federal and two provincial departments.

The agreement for Nova Scotia, for example, involves Health and Welfare Canada, Employment and Immigration Canada, and the provincial Departments of Social Services and Technical and Vocational Training. Initially, 25 percent of the slots in two Canadian Jobs Strategy programs were targeted for welfare recipients. In addition, each level of government agreed to divert $2.5 million a year that would have been spent on welfare to federal, provincial or local employability enhancement programs for welfare recipients.

The agreements were to be evaluated after three years. None of the evaluations has been made public to date, and it remains unclear what influence, if any, the programs had in getting unemployed people into paying jobs. Supporters of the agreements say many participants found permanent jobs. Critics maintain that the most qualified and most enterprising participants would have found jobs on their own without the agreements.

One concern about the agreements raised by anti-poverty groups is whether some recipients are being forced to participate.

Participation was supposed to be entirely voluntary, but there have been allegations that some welfare recipients in Saskatchewan and elsewhere have been threatened with loss of benefits if they refuse to take part.

With high rates of marriage breakdown and unemployment, it is hardly surprising that expenditures on the Canada Assistance Plan are higher today than a decade ago. Federal spending on CAP, including tax transfers to Quebec, rose from $1.6 billion in 1976-1977 to an estimated $5.9 billion in 1990-1991.

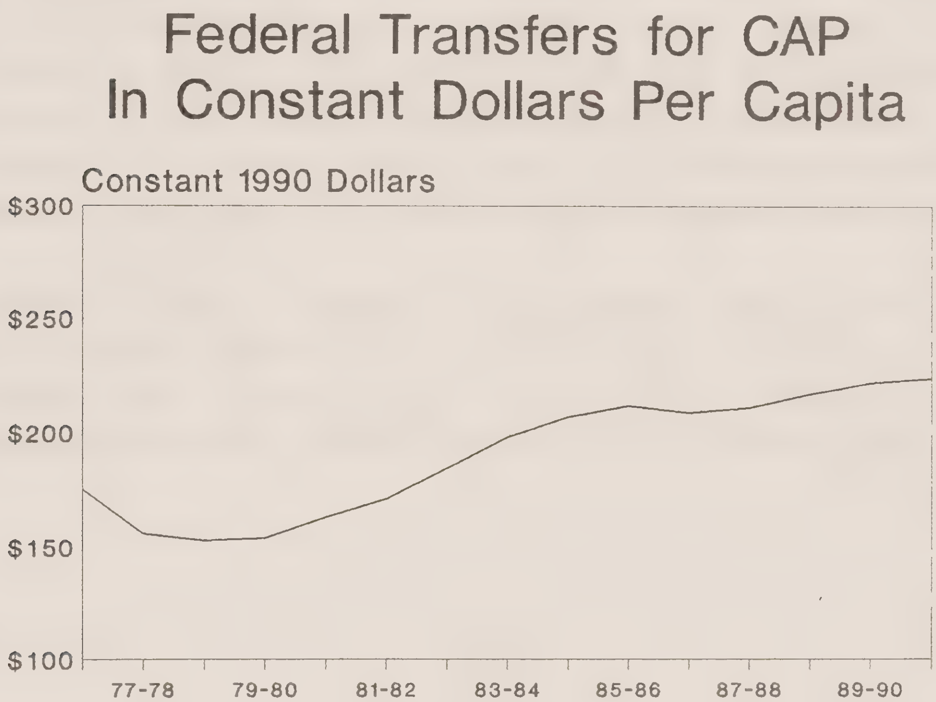
The Finance Department and Treasury Board are fond of highlighting this increase in spending. However, once the effects of inflation are discounted and the costs of CAP are expressed in constant 1990 dollars, the increase is more modest - from $4 billion in 1976-1977 to $5.9 billion in 1990-1991.

An even more realistic way to look at welfare spending is to express it in constant 1990 dollars per capita. This helps to factor out increases in welfare costs that are due to increases in the population.

Graph C on the next page shows that federal support increased from $175 for every man, woman and child in 1976-1977 to $224 per capita in 1990-1991. The dip in costs in the late 'seventies was due largely to a rearrangement of federal-provincial programs in the field of extended health care. The big increase in costs in the early 'eighties was the result of a substantial rise in welfare caseloads during the recession and its aftermath. Costs were relatively flat in the late 'eighties.

The current downturn in the economy can only add to the pressure on welfare and social services. Major centres across the country are already reporting substantial increases in the

need for assistance. If the last recession is any indication, welfare caseloads will rise substantially during the current one.



Graph C

THE STRENGTHS AND WEAKNESSES OF CAP

By and large, evaluations of the Canada Assistance Plan conclude that it is working reasonably well as a program of last resort. It helps to cover the cost of income support for a large number of Canadians who would otherwise be in dire straits. It is a reasonable framework for federal, provincial and territorial governments to share the cost of welfare and social services. The cost is not excessive compared to the needs being served.

One of the more important evaluations of CAP was undertaken by the Task Force on Program Review set up by the federal government shortly after the 1984 election. The Task Force was clearly looking for wasteful or inefficient federal spending that could be reduced or eliminated.

A study team assigned to look at the Canada Assistance Plan had extensive consultations with officials at both the federal and provincial levels of government and a number of social policy groups outside government. Its report raised concerns about the future cost of CAP, but it had a favorable view of the program as a whole.

"This review of the Canada Assistance Plan shows that CAP is an effective federal/provincial partnership for the alleviation of the effects of poverty throughout Canada," it concluded. "Despite its administrative deficiencies, CAP is considered indispensable to the development and provision of social services to the most disadvantaged Canadians."[9]

Many of the criticisms leveled at CAP over the years by welfare advocacy groups and experts outside government are complaints that the program should be doing even more for low-income Canadians.[10]

Anti-poverty groups including the National Council of Welfare have long complained about the low level of welfare benefits in all provinces and territories. The purpose of CAP is to provide the necessities of life to people with few other sources of income, but most welfare incomes are far below the poverty line.

Critics of the welfare system have repeatedly pointed out the numerous disincentives built into the system. Welfare is perhaps the only government program where a person with more than a token amount of earned income can lose a dollar of benefits for every dollar of earnings.

There are long-standing complaints that CAP does little for the "working poor" of Canada and calls for some form of income supplement for the working poor. Working people who are poor are generally not eligible for welfare, although they may be able to get social services subsidized by CAP.

Poorer provinces have argued that the current cost-sharing formula puts them at a disadvantage. One alternative put forward is a system of differential cost-sharing based on a province's ability to raise tax revenues. Under such a scheme, a poor province might have 80 percent of the cost of welfare and social services under CAP paid by the federal government rather than the current 50 percent.[11]

What is notable about these critiques from social policy groups and analysts is that none of them suggests poor people should be getting less from the Canada Assistance Plan, and none of them suggests that the federal government should be pulling back from the commitments it made in 1966. The general thrust of the recommendations is that both the federal and provincial governments should be doing more to help low-income Canadians.

THE 1990 FEDERAL BUDGET

The federal budget speech of February 20, 1990, proposed a two-year limit on increases in federal spending under the Canada Assistance Plan in the three wealthiest provinces: Ontario, Alberta and British Columbia. These provinces provide for nearly half of the country's welfare recipients.

Ottawa said the growth in CAP transfers to the three provinces would be limited to five percent a year for the fiscal years 1990-1991 and 1991-1992. Increases in CAP expenditures above five percent a year would not be cost-shared, so the three provinces would have to cover any cost increases in excess of five percent a year by themselves.

The federal government initially said it expected to save $75 million during 1990-1991 and $80 million during 1991-1992 because of the change, but these estimates were quickly outdated by rising welfare costs. The latest provincial estimates add up to losses of at least $865 million for the two fiscal years.[12]

Ontario says it stands to lose $310 million in 1990-1991 and $510 million in 1991-1992. Alberta predicts no losses in 1990-1991, but a significant loss in 1991-1992. British Columbia forecasts losses of $45 million in 1990-1991 and has no estimate for the following year.

The budget proposal for the Canada Assistance Plan was part of a larger program of restraints announced by the Minister of Finance. The Government Expenditures Restraint Act, Bill C-69, to amend the CAP legislation and the federal-provincial fiscal arrangements for medicare and post-secondary education, was introduced in the Commons on March 15, 1990, and given final

reading on June 12. The Senate gave the bill final approval on January 29, 1991, and it became law on February 1.

Meanwhile, British Columbia, with the support of Ontario, Alberta, Manitoba, the Native Council of Canada, and the United Native Nations of B.C., took the federal government to court. The suit, filed in the British Columbia Court of Appeal, challenged the right of the federal government to make unilateral changes in the Canada Assistance Plan without provincial consent.

The federal Canada Assistance Plan Act of 1966 provides for agreements between Ottawa and provincial and territorial governments to finance programs under CAP. Section 8 of the Act says these agreements may be amended by mutual consent or terminated unilaterally by either party upon one year's notice. There is no provision for unilateral changes in an agreement other than termination.

British Columbia argued that it had a "legitimate expectation" under its 1967 agreement with Ottawa that the federal government would not limit its financial obligations without B.C.'s consent. The federal government argued that Parliament is the ultimate authority and can change any federal law as it sees fit.

In a decision issued on June 15, 1990, the court ruled unanimously that the federal government does <u>not</u> have the right to limit its obligation to contribute 50 percent of the cost of CAP. Four of the five justices also agreed with the B.C. argument that provinces have a "legitimate expectation" the federal government will not change the financial arrangements for CAP without their consent.

In his reasons for judgment, Mr. Justice J. D. Lambert said he assumed that the federal government did not intentionally set out to breach its agreement with British Columbia. An intentional

breach would undermine co-operation between the two levels of government and the trust ordinary Canadians have in their national government.[13]

> If Canada is willing to breach its agreements by passing legislation to authorize, or even require, the breach, then Canada cannot expect to conclude agreements with contractors to build airports, nor to settle Native land claims by agreement. Honest self-assessment by honest taxpayers is the basis of revenue raising in Canada. The foundation on which that type of taxation rests would be removed if Canadians could not trust their government to keep its agreements. I expect that the overwhelming majority of Canadians would say that this country must be as good as its word.

On June 18, the federal government announced it was appealing the ruling to the Supreme Court of Canada. The Court heard arguments in the case in December 1990 and reserved judgment on December 12. Its ruling was expected in the first part of 1991.

NO TIME FOR CUTS

The National Council of Welfare believes that the federal government's decision to limit its share of the cost of the Canada Assistance Plan will weaken support for poor people at a time of increasing need.

We have six specific concerns: four relating to the impact of the policy and two about the way the policy was developed.

1. The Canada Assistance Plan is one of the few national social programs in Canada that is intended specifically for low-income people. Although some social service benefits do go to people of modest incomes, the bulk of CAP money is spent on welfare payments to families and individuals living far below the poverty line.

Throughout most of its years in power, the current federal government insisted that one of its prime goals in social policy was to redirect benefits to people most in need. The Minister of Finance abandoned that approach in his 1990 budget by asking - in effect - that the poorest of the poor share the burden of his campaign to cut government spending.

There have been numerous suggestions over the years to improve the Canada Assistance Plan, but no previous federal government ever suggested pulling back from its basic commitment to the needs of the poor.

2. The budget imposed a limit on programs that were specifically designed to be open-ended. Because welfare is the safety net of last resort, the system has to be flexible enough to protect people with no other sources of income.

Canadians are often forced to fall back on welfare when they lose their jobs, when their marriages break down, or when they are ill or disabled. All these events are largely unpredictable and largely uncontrollable.

We do not agree with the argument that any money withheld by the federal government could be made up by the provinces. The federal government agreed to open-ended funding in 1966, and we strongly urge it to live up to its commitment.

3. Federal restraints on CAP payments to Ontario, Alberta and British Columbia could deter long-overdue improvements in welfare elsewhere in Canada.

Ontario had an ambitious blueprint for welfare reform long before the federal budget speech of February 20, 1990. However, the Ontario budget speech of April 24 effectively put reform on hold. The only change announced was a five-percent increase in welfare rates, effective January 1, 1991. Coincidentally or not, the increase was exactly the same as the increase in CAP costs sanctioned by the federal government.

Following the 1990 provincial election, the new Ontario government boosted the January 1 increase in the basic living allowance to seven percent, doubled the increase in the shelter allowance to ten percent and promised to put welfare reform in general on a "fast track."

It remains to be seen how far Canada's richest province will go. For poorer provinces, it is unlikely they would think of major increases in benefits with the possibility of impending cuts in federal funding.

4. Limits on federal funding to CAP will deter the development of social services that play a vital role in alleviating or preventing

poverty. People who work with problems such as marriage breakdown and family violence say there is a pressing need for more government support for social services, not less.

The National Council of Welfare is especially concerned about the impact of the CAP limit on child care. As we noted in our 1988 report Child Care: A Better Alternative, there is a huge shortage of subsidized places in day care centres and family homes for children from low-income families, and many of the current subsidy arrangements do not provide adequate financial help to parents.

Lack of suitable child care is a special problem for stay-at-home parents who would like to enter the paid labour force. In many cases, a single-parent mother is better off staying at home on welfare than taking a job and paying large out-of-pocket expenses for child care. Better child care programs would remove this disincentive.

5. The budget was another backward step in federal-provincial relations. Plans to trim CAP and also federal funds for medicare and post-secondary education detract further from the spirit of co-operation that is so essential in programs vital to the health and welfare of Canadians.

The budget announcement on CAP was especially unfortunate because there was apparently no prior warning to provincial governments and no effort to negotiate changes in funding arrangements.

6. Major changes in social policy should not be announced in budget speeches. The parliamentary traditions surrounding budgets are incompatible with the open consultations that are essential to developing good public policy.

Prior to any budget, possible budget measures are discussed in the strictest confidence within very limited government circles and without any chance for ordinary people to have a say. Once they are announced, they become tied to the reputation of the government of the day. Governments are loath to change any budget measure for fear of losing face.

The 1990 budget has also reinforced the Council's concerns about leaving social policy to the Finance Department. We believe Health and Welfare Canada and other Departments with more expertise and more sensitivity to the needs of ordinary Canadians should take the lead in social policy.

For all these reasons, the National Council of Welfare strongly urges the federal government to reverse its decision to trim CAP payments to Ontario, Alberta and British Columbia. The need for welfare and social services is bound to increase during the current recession, and it is no time for cuts in our safety net of last resort.

FOOTNOTES

1. Health and Welfare Canada 1990-91 Estimates, Part III, p. 3-29.

2. For more detailed information about needs testing, see the National Council of Welfare publications Welfare in Canada: The Tangled Safety Net and Welfare Incomes 1989.

3. The poverty lines used in the table are Statistics Canada's low income cut-offs for 1989 (1986 base). Welfare incomes in the two territories were not included in income ranges in the table, because the survey used to generate the low income cut-offs excludes the territories.

4. See the annual reports of the Canada Assistance Plan for more information on social services covered by CAP. As an aside, the most recent report is for the fiscal year 1985-1986. It was published in 1990 - when the information it contained was fully four years out of date.

5. Estimates for this section were supplied by Health and Welfare Canada. For more information on welfare recipients in individual provinces or territories, see Health and Welfare Canada's Inventory of Income Security Programs in Canada.

6. The figures here and in Table 3 differ slightly from published spending estimates because they include only those CAP expenditures that were incurred during the fiscal year. The spending estimates cover adjustments in CAP payments for previous years as well as current spending.

7. Fiscal Federalism in Canada, the report of the Parliamentary Task Force on Federal-Provincial Fiscal Arrangements published in 1981, has more information on the shift in funding arrangements for extended health care from CAP to Established Programs Financing.

8. Statistics Canada, Historical Labour Force Statistics - Actual Data, Seasonal Factors, Seasonally Adjusted Data (Catalogue No. 71-201).

9. Canada Assistance Plan, A Study Team Report to the Task Force on Program Review (Ottawa: Supply and Services Canada, 1986). The quote comes from the report's conclusion on page 19.

10. Among the studies of the Canada Assistance Plan worth reading are Derek P. J. Hum's <u>Federalism and the Poor: A Review of the Canada Assistance Plan</u> (Toronto: Ontario Economic Council, 1983) and Allan Moscovitch's 20-year assessment of CAP in <u>How Ottawa Spends 1988-1989</u> (Ottawa: Carleton University Press, 1988).

11. The federal government actually proposed differential cost-sharing in its 1987 child care policy. However, the proposed Canada Child Care Act died when Parliament was dissolved for the 1988 federal election, and it was not reintroduced in the next Parliament.

12. The National Council of Welfare obtained the latest information on the impact of the federal policy from the governments of Ontario, Alberta and British Columbia.

13. Court of Appeal for British Columbia, Vancouver Registry No. CA012098, Reasons for Judgment of the Honourable Mr. Justice Lambert, p. 33.

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Mr. Ronald Noseworthy
Grand Bank, Newfoundland

Mr. Ted Paterson
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Mr. Thomas Power
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Ms. Wendy Terry
Toronto, Ontario

Mr. Robert White
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NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969 as a citizens' advisory body to the Minister of National Health and Welfare. Its mandate is to advise the Minister on matters pertaining to welfare.

The Council consists of 21 members, drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income citizens, as well as lawyers, professors, social workers and others involved in voluntary service associations, private welfare agencies, and social work education.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including: income security programs, medicare, poverty lines and poverty statistics, the retirement income system, the aged, tax reform, the working poor, children in poverty, community economic development, women and poverty, employment policy, single-parent families, social services, nutrition, community organizing, child welfare, poor people's groups, legal aid/legal services, low-income consumers, poverty coverage in the press and welfare reform.

On peut se procurer des exemplaires en français de toutes les publications du Conseil national du bien-être social, en s'adressant au Conseil national du bien-être social, Immeuble Jeanne Mance
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